the singular, and the singular as well as the plural.

### § 1786.152 Prepayments of RUS loans.

An electric loan made under the RE Act shall not be sold or prepaid at a value that is less than the outstanding principal balance, except that, on request of a borrower, an electric loan made under the RE Act, or a portion of such a loan, that was advanced before May 1, 1992, or has been advanced for not less than 2 years, shall be prepaid by the borrower at the lesser of the outstanding principal balance of the loan or the discounted present value thereof.

### § 1786.153 Discounted present value.

(a) The discounted present value shall be calculated by summing the present values of all remaining payments on all Qualified Notes to be prepaid according to the following formula and adjusted as provided in paragraph (b) of this section if tax exempt financing is used.

$$\text{Present Value} = \sum_{k=1}^{n} \frac{P_k}{\prod_{i=1}^{k}\left[1.0 + \left(\frac{D1_i}{365} + \frac{D2_i}{366}\right) I\right]}$$

Where:

The Greek letter, Sigma (Σ) means the sum of the following terms.

The Greek letter, Pi (Π) means the product of the following terms.

$P_k$=Total payment, including interest due on the $K^{th}$ payment date following the prepayment date.

n=Total number of remaining payment dates to final maturity.

$D1_i$=Number of days in the $i^{th}$ payment period that are in a non-leap year (365-day year).

$D2_i$=Number of days in the $i^{th}$ payment period that are in a leap year (366-day year).

I=The discount rate applied to each transaction ascertained by using data specified in the ''Federal Reserve Statistical Release'' (H.15 (519)), which is published each Monday. The availability of this Release will be announced when the information is available by telephone on (202) 452–3206. See adjustment for tax exempt refinancing at paragraph (b) of this section. The specific discount rate will be based on the discount rate(s) specified in the ''Treasury Constant Maturities'' section of this publication 8 business days prior to the closing and will be interpolated from that information as follows:

| Remaining final maturity of RUS loan: | | Treasury constant maturities |
|---|---|---|
| At least | But less than | |
| # years | # years | |
| 0 | 2 | 1-year. |
| 2 | 3 | 2-year. |
| 3 | 4 | 3-year. |
| 4 | 5 | (1) |
| 5 | 6 | 5-year. |
| 6 | 7 | (2) |
| 7 | 8 | 7-year. |
| 8 | 9 | (3) |
| 9 | 10 | (3) |
| 10 | 11 | 10-year. |
| 11 | 20 | (4) |
| 20 | 21 | 20-year. |
| 21 | 30 | (5) |
| 30 | 36 | 30-year. |

**Notes:** [1] The arithmetic mean between the 3-year and 5-year. Treasury Constant Maturities; i.e., if 3-year. rate is 3.00% and the 5-year. rate is 4.00% then the rate used would be 3.5%.

[2] The arithmetic mean between the 5-year and 7-year Treasury Constant Maturities computed as above.

[3] A straight line interpolated rate between the 7-year rate and the 10-year rate. (See formula below)

[4] A straight line interpolated rate between the 10-year note and the 20-year Bond rate. (See formula below)

[5] A straight line interpolated rate between the 20-year bond and the 30-year bond using the following formula:

$$I = B + \frac{((C - E) \times (A - B))}{F - E}$$

Where:

I=The discount rate interpolated from the cost of money to the Treasury.

A=The Treasury interest rate for the most recently published maturity (in years) that is the shortest Treasury term (in years) which is greater than the borrower's remaining term (in years) to final maturity; i.e., (if the note to be prepaid has a final maturity of more than 10 years then this rate is the 20-year Treasury rate)